

RECORDATION NO. 26306 FILED

APR 20 '06 11:32 AM

SURFACE TRANSPORTATION BOARD

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ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

April 20, 2006

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Chattel Mortgage/Security Agreement, dated as of April 17, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Borrower: Haines and Kibblehouse, Inc.
2052 Lucon Road
Skippack PA 19474

Lender: Fifth Third Bank
38 Fountain Square Plaza
Cincinnati OH 45263

Mr. Vernon A. Williams
April 20, 2006
Page two

A description of the railroad equipment covered by the enclosed document is:

17 railcars with TUGX reporting marks and numbers 36001, 36005, 36006, 36007, 36008, 36010, 36013, 36018, 36021, 36033, 36044, 36046, 36049, 36054, 36056, 36060 and 36070; and 48 railcars with HKGX reporting marks and numbers 153600 – 153647, inclusive.

A short summary of the document to appear in the index is:

Chattel Mortgage/Security Agreement.

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

CHattel Mortgage/Security Agreement

HAINES AND KIBBLEHOUSE, INC.,

As MORTGAGOR/BORROWER,

AND

FIFTH THIRD BANK,

as MORTGAGEE/LENDER

DATED AS OF APRIL 17, 2006

RECORDATION NO. _____

DATE FILED _____

SURFACE TRANSPORTATION BOARD

Chattel Mortgage/Security Agreement

THIS CHATTEL MORTGAGE/SECURITY AGREEMENT (this "Agreement" or "Security Agreement") dated as of April 17, 2006 is made by and between Haines and Kibblehouse, Inc., a Pennsylvania corporation, having its chief executive office at 2052 Lucon Road, Skippack, PA 19474, (the "Mortgagor" or "Borrower"), and Fifth Third Bank, an Ohio banking corporation, having an office at MD 10904A, 38 Fountain Square Plaza, Cincinnati, Ohio 45263 (the "Mortgagee" or "Lender").

WITNESSETH:

1. **Grant of Security Interest in the Equipment.** In consideration of one or more loans, advances or other financial accommodations made or extended by Lender to or for the account of the Borrower pursuant to the Loan Agreement (defined below) and to secure the prompt payment and performance in full when due, whether by lapse of time, acceleration or otherwise, of the Secured Obligations, the Borrower hereby pledges, assigns, transfers and hypothecates to Lender and grants to Lender a security interest in, and acknowledges and agrees that this Agreement shall create a continuing security interest in, all of Borrower's right, title and interest in and to the Collateral.

The Secured Obligations of the Borrower are absolute, irrevocable and unconditional under any and all circumstances whatsoever and shall not be subject to any right of set-off, counterclaim, deduction, defense or other right which the Borrower may have for any reason against any vendor, supplier, manufacturer, Lender or any other party. All representations and warranties of Borrower hereunder shall survive the expiration, cancellation or other termination of this Agreement.

2. **Definitions.** Unless the context otherwise requires, as used in this Agreement, the following terms shall have the respective meanings indicated below and shall be equally applicable to both the singular and the plural forms thereof:

"Applicable Law" shall mean all applicable Federal, state, local and foreign laws, ordinances, judgments, decrees, injunctions, writs, rules, regulations, orders, licenses and permits of any Governmental Authority.

"Authorized Signer" shall mean any member or officer of Borrower, set forth on an incumbency certificate (in form and substance satisfactory to Lender) delivered by Borrower to Lender, who is authorized and empowered to execute this Agreement.

"Certificate of Acceptance" shall mean a certificate of acceptance, in form and substance satisfactory to Lender, executed and delivered by Borrower in accordance with Section 3 hereof.

"Collateral" shall mean the Equipment and any and all substitutions, replacements or exchanges therefor, and any and all proceeds (both cash and non-cash) receivable or received from the sale, lease, license, collection, use, exchange or other disposition of the Collateral, including insurance proceeds, thereof (including, without limitation, claims of the Borrower against third parties for Loss or Damage to any such Collateral).

"Collateral Schedule" shall mean the collateral schedule attached hereto and made a part hereof.

"Default" shall mean any event or condition which, with the passage of time or the giving of notice, or both, would constitute an Event of Default.

"Default Rate" shall mean an annual interest rate equal to the lesser of 12% or the maximum interest rate permitted by Applicable Law.

"Equipment" shall mean an item or items of personal property which are described on the Collateral Schedule, together with all replacement parts, additions and accessories incorporated therein or affixed thereto including, without limitation, any software that is a component or integral part of, or is included or used in connection with, any item of Equipment, but with respect to such software, only to the extent of Borrower's interest therein, if any.

"Equipment Location" shall mean the location of the Equipment, as set forth on the Collateral Schedule, or such other location (approved in writing by Lender) as Borrower shall from time to time specify in writing.

"Event of Default" shall have the meaning specified in Section 15 hereof.

"GAAP" shall have the meaning specified in Section 20(e) hereof.

"Governmental Action" shall mean all authorizations, consents, approvals, waivers, filings and declarations of any Governmental Authority, including, without limitation, those environmental and operating permits required for the ownership, lease, use and operation of the Equipment.

"Governmental Authority" shall mean any foreign, Federal, state, county, municipal or other governmental authority, agency, board or court.

"Guarantor" shall mean any guarantor of the Secured Obligations.

"Installment(s)" shall mean the periodic payments due to repay the Note, and, where the context hereof requires, all such additional amounts as may from time to time be payable under any provision of the Loan Documents.

"Item of Equipment" shall mean each item of the Equipment.

"Liability" shall have the meaning set forth in Section 17 hereof.

"Loan Agreement" means that certain Loan Agreement between Borrower and Lender dated as of even date herewith.

"Loan Documents" shall mean, collectively, the Loan Agreement, the Note, this Agreement, and all other documents prepared by Lender and now or hereafter executed in connection therewith.

"Lien" shall mean all mortgages, pledges, security interests, liens, encumbrances, claims or other charges of any kind whatsoever, except the security interest of Lender created by this Agreement.

"Loss or Damage" shall mean any loss, theft, destruction, disappearance or any condemnation, expropriation or requisition of or damage to any Item of Equipment.

"Note" shall mean the Promissory Note in the principal amount of \$2,500,000.00 of even date herewith, by Borrower payable to Lender, together with any extensions, modifications, renewals, refinancings or other restructurings thereof.

"Person" means any individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, unincorporated organization, bank, business association, firm, joint venture, Governmental Authority or other legal entity.

"Secured Obligations" means all of the following obligations of Borrower: (1) the Loan Agreement as relates to the Note, the Note and this Agreement, and any and all indebtedness, obligations, liabilities, contracts, indentures, agreements, warranties, covenants, representations, provisions, terms, and conditions of whatever kind, now existing or hereafter arising, and however evidenced, that are now or hereafter owed, incurred or executed by Borrower to, in favor of, or with Lender in connection herewith, and including any partial or total extension, restatement, renewal, amendment, and substitution thereof or therefor; and (2) any and all of Lender's reasonable fees, costs and expenses related to the foregoing.

"Supplier" shall mean the Rail Trust Equipment, Inc. and any other vendor of the Equipment, as set forth on the Collateral Schedule.

"Term" shall mean the term of the Note secured hereby.

"UCC" shall have the meaning set forth in Section 15(b)(ii) hereof. Where applicable and except as otherwise defined herein, terms used in this Agreement shall have the meaning assigned to them in the UCC.

3. Delivery and Acceptance. Concurrently with execution of the Collateral Schedule hereunder, Borrower shall execute and deliver to Lender a Certificate of Acceptance for the Equipment described on such Collateral Schedule.

LENDER SHALL HAVE NO OBLIGATION TO ADVANCE ANY FUNDS TO BORROWER UNLESS AND UNTIL LENDER SHALL HAVE RECEIVED A CERTIFICATE OF ACCEPTANCE RELATING TO THE EQUIPMENT EXECUTED BY BORROWER. Such Certificate of Acceptance shall constitute Borrower's acknowledgment that such Equipment (a) was received by Borrower, (b) is satisfactory to Borrower in all respects, (c) is suitable for Borrower's purposes, (d) is in good order, repair and condition, (e) has been installed and operates properly, and (f) is subject to all of the terms and conditions of the Loan Documents. Borrower's execution and delivery of a Certificate of Acceptance shall be conclusive evidence as between Lender and Borrower that the Items of Equipment described therein are in all of the foregoing respects satisfactory to Borrower, and Borrower shall not assert any claim of any nature whatsoever against Lender based on any of the foregoing matters; provided, however, that nothing contained herein shall in any way bar, reduce or defeat any claim that Borrower may have against the Supplier or any other person (other than Lender).

4. Reserved.

5. Location; Inspection. The Equipment shall be delivered to the Equipment Location and Borrower shall not permanently change the yard location specified on the Collateral Schedule except as permitted by this Lease, without Lender's prior written consent, not to be unreasonably withheld. Borrower shall maintain control and possession of the Equipment at all times, except when undergoing maintenance, repairs, modifications, etc.. Lender shall have the right to enter upon the Equipment Location and inspect the Equipment at any reasonable time. Borrower will promptly give written notice to Lender of any change in the identity or Yard Location of any Item of Equipment which might require new filings or other action to assure continued perfection of the security interest of Lender granted hereby.

6. Operation/Required Modifications.

(a) Operations. Borrower shall use the Equipment upon lines of railroad in the United States. Borrower shall operate the Items in a manner and for the purposes for which each was designed and only in the manner for which it was designed. Borrower shall comply in all material respects with all Applicable Law, including regulations and orders of the Department of Transportation, Interstate Commerce Commission, and Surface Transportation Board. Borrower shall immediately notify Lender in writing of any existing, pending or threatened investigation, inquiry, claim or action by any Governmental Authority in connection with any Applicable Law or Governmental Action which could materially adversely affect the Equipment. Borrower shall notify Lender in writing at any time the Items are stored, whether serviceable or unserviceable, for a period in excess of ninety (90) days. Nothing in this Section shall be deemed to constitute permission by Lender to any person that acquires possession of any Item to take any action inconsistent with the terms and provisions of the Security Agreement and any of the other agreements between Lender and Borrower. The rights of any person that acquires possession of any Item pursuant to this Section shall be subject and subordinate to the rights of Lender hereunder.

(b) Required Modifications In the event Applicable Law, Governmental Action or any Governmental Authority having jurisdiction over the operation, safety or use of railroad equipment requires that any Item be altered, replaced or modified, Borrower agrees to make such required modification at its own expense, provided, however, that Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not materially adversely affect the rights or interests of Lender in the Equipment or hereunder or otherwise expose Lender to criminal sanctions or relieve Borrower of the obligation to perform the Security Agreement in compliance with its provisions. Except as otherwise permitted herein, Borrower shall not make any alterations, additions, modifications or improvements to the Equipment without Lender's prior written consent.

(c) Hazardous Materials. Borrower shall not use the Equipment, or permit it to be used, for the transportation or storage of any substance which is categorized as, or required to be labeled as, poison" or "poisonous", "explosive" or "radioactive" (or any categories or labels substituted for such categories or labels as in effect on the day hereof) under 49 CFR 171 or other applicable Federal rules in effect from time to time regulating the transportation of hazardous materials.

7. Maintenance. Borrower at its own cost and expense, shall maintain, repair and keep each Item (1) in accordance with prudent Class I railroad industry maintenance practices in existence from time to time (2) in a manner consistent with a maintenance program of at least the caliber as Borrower maintains at the execution of the Security Agreement and ready for satisfactory commercial use and prudent railroad industry maintenance practices in existence from time to time, (3) in an indiscriminatory manner consistent with maintenance, use and repair practices used by Borrower in respect of equipment owned or leased by Borrower similar in type to such Item, (4) in accordance with maintenance

requirements of insurance policies covering such Item, (5) as shall be necessary to maintain each Item in good repair and working order as specified in the Interchange Rules and in accordance with FRA Railroad Safety Standards, the Association of American Railroads, Surface Transportation Board, and all other applicable law and Governmental Actions including federal agency regulations, (6) Borrower shall use proper amounts and types of fuel, lubricant, oil corrosion protectors and coolant to meet manufacturers recommended guidelines and specifications, (7) Borrower shall replace oil filters, fuel filters and other similar items on a timely as needed basis to prevent damage, (8) Borrower shall not make any alterations, modifications or additions to the Equipment to change the nature and use from which it was employed at the date hereof, provided, however, Borrower may make additions or upgrades which improve and/or update any Item or its performance so long as same are otherwise in compliance with the terms of this Security Agreement, (9) Borrower shall not replace any component, part or system with a lesser quality replacement component, part or system. Borrower will maintain all records, logs and other materials required by any Governmental Authority having jurisdiction related to Borrower's operations. All such records, logs and materials will become subject to this Security Agreement. Borrower shall pay for all necessary permits, franchises, inspections and licenses in connection with any Item and any repair, restoration or replacement of any type relative to each Item. "Ordinary wear and tear" shall mean any damage to the Equipment which is not considered "unfair usage" pursuant to Rule 95 of the Interchange Rules. If no definition is available or applicable to the Equipment under the Interchange Rules, "ordinary wear and tear" shall have the meaning customarily given to it in the railroad industry with respect to rail cars similarly situated to the Equipment.

8. Marking of Equipment.

(a) The Borrower shall cause each Item of Equipment ("Item or Items") to be kept numbered with the identifying number set forth on the Collateral Schedule. The Borrower shall not change, or permit to be changed, the identifying number of any Item of Equipment except in accordance with a statement of new identifying numbers to be substituted therefor, and then only after (i) the Lender has been notified in writing thereof, (ii) such statement has been filed, recorded or deposited in all public offices in which this Security Agreement or memorandum thereof shall have been filed, recorded or deposited, and (iii) the Borrower shall have furnished to the Lender opinions of counsel in form and substance satisfactory to the Lender to the effect that such statement has been so filed, recorded and deposited, that such filing, recordation and deposit will protect the Lender's first priority lien and security interests in such Items of Equipment, and that no further filing, recording, deposit, giving of notice to any other Federal, state, local or foreign government or agency or other action is required to protect the lien and security interests of the Lender in such Items of Equipment.

(b) At Lender's request, the Borrower shall, as soon as practicable, arrange for the marking of each Item of Equipment in the following manner: There shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each such Item of Equipment a painted legend, or a plate, bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such Item of Equipment, in either case in letters not less than two inches in height:

FIFTH THIRD BANK, SECURED PARTY.

Such plate or marks shall be such as to be readily visible and as to indicate plainly the Lender's interest in each such Item of Equipment. In the event that any of such plates or marks shall at any time be removed, defaced or destroyed prior to the termination of the Security Agreement, the Borrower shall forthwith cause the same to be restored or replaced.

(c) Except as provided above, the Borrower shall not permit the name of any Person (other than the Borrower or the Lender) to be placed on any Item of Equipment as a designation that might be interpreted as a claim of an ownership interest in or lien on such Item of Equipment.

9. Lease and Assignment.

(a) Without Lender's prior written consent, Borrower shall not (i) assign, transfer, pledge, hypothecate or otherwise dispose of, the Equipment or any interest therein, or assign or delegate its rights or obligations under the Loan Documents, or (ii) lease or lend the Equipment to, or permit the Equipment to be used by, anyone other than Borrower or Borrower's qualified employees

(b) Lender, at any time with or without notice to Borrower, may sell, transfer, grant participations in, assign and/or grant a security interest in any or all of Lender's right, title and interest in and to the Loan Documents, or in Lender's interest in any Item of Equipment. In any such event, any such purchaser, transferee, assignee or secured party shall

have and may exercise all of Lender's rights hereunder or thereunder, and BORROWER SHALL NOT ASSERT AGAINST ANY SUCH PURCHASER, TRANSFEREE, ASSIGNEE OR SECURED PARTY ANY DEFENSE, COUNTERCLAIM OR OFFSET THAT BORROWER MAY HAVE AGAINST LENDER, UNLESS AGREED TO BY ANY ASSIGNEE OF LENDER. Borrower agrees that upon written notice to Borrower of any such sale, transfer, assignment and/or security interest, Borrower shall acknowledge receipt thereof in writing and shall comply with the reasonable directions and demands of such purchaser, transferee, assignee or secured party.

(c) Subject to the foregoing, all covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Lender and its successors and permitted assigns and Borrower and its successors and permitted assigns.

10. Loss of or Damage to Equipment. In the event of Loss or Damage to any Item of Equipment, Borrower promptly shall notify Lender thereof and, at the option of Lender, as specified in a notice from Lender to Borrower, Borrower shall within thirty (30) days following such Loss or Damage: (1) place such Item of Equipment in good condition and repair, in accordance with the terms hereof; (2) replace such Item of Equipment with replacement equipment (acceptable to Lender) in as good condition and repair, and with the same or better fair market value as such replaced Item of Equipment immediately preceding the Loss or Damage (assuming that such replaced Item of Equipment is in the condition required by this Agreement), which replacement equipment shall be free and clear of all Liens; or (3) pay to Lender the amount of the collateral value of the Equipment as determined by Lender

Upon Lender's receipt of the payment required under clause (3) above, Lender shall release its security interest in such Item of Equipment. If Borrower replaces the Item of Equipment pursuant to clause (2) above, such replacement shall be deemed to constitute an Item of Equipment and be fully subject to this Agreement and the security interest granted to Lender hereunder, as if originally pledged hereunder. If Borrower fails to either restore or replace the Item of Equipment pursuant to clauses (1) or (2) above, respectively, Borrower shall make the payment under clause (3) above.

11. Insurance.

(a) Borrower, at Borrower's own cost and expense, shall maintain (1) insurance against all risks of physical loss or damage to the Equipment (including theft and collision for Equipment consisting of motor vehicles) in an amount not less than the full replacement value thereof and (2) comprehensive public liability insurance including blanket contractual liability for personal and bodily injury and property damage in an amount satisfactory to Lender.

(b) All insurance policies required hereunder shall (1) require 30 days' prior written notice to Lender of cancellation or material change in coverage (any such cancellation or change, as applicable, not being effective until the thirtieth (30th) day after the giving of such notice); (2) name "Fifth Third Bank" as sole loss payee under the property insurance policies; (3) not require contributions from other policies held by Lender; (4) waive any right of subrogation against Lender; (5) in respect of any liability of Lender, except for the insurers' salvage rights in the event of a Loss or Damage, waive the right of such insurers to set-off, to counterclaim or to any other deduction, whether by attachment or otherwise, to the extent of any monies due Lender under such policies; (6) not require that Lender pay or be liable for any premiums with respect to such insurance covered thereby; (7) be in full force and effect throughout any geographical areas at any time traversed by any Item of Equipment; and (8) contain breach of warranty provisions providing that, in respect of the interests of Lender in such policies, the insurance shall not be invalidated by any action or inaction of Borrower or any other person (other than Lender) and shall insure Lender regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Borrower or by any other person (other than Lender). Not less than fifteen (15) days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this Section, Borrower shall deliver to Lender a duplicate original of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this Section

(c) Upon the occurrence and during the continuation of an Event of Default, proceeds of insurance with respect to physical loss or damage to the Equipment shall be applied, at the option of Lender, to repair or replace the Equipment or to reduce or satisfy (as applicable) the Secured Obligations.

12. Taxes. Borrower shall pay when due any and all taxes, fees, levies, imposts, duties, assessments and public and private charges levied or assessed on or with respect to the Equipment, on the use thereof, or on this Agreement or any of the other Loan Documents.

13. Lender's Right to Perform for Borrower. If Borrower fails to perform or comply with any of its obligations contained in the Loan Documents, Lender may (but shall not be obligated to do so) itself perform or comply with such obligations, and the amount of the reasonable costs and expenses of Lender incurred in connection with such performance or compliance, together with interest on such amount from the date paid by Lender until the date repaid by Borrower to Lender, at the Default Rate, shall be payable by Borrower to Lender upon demand. No such performance or compliance by Lender shall be deemed a waiver of the rights and remedies of Lender or any successor or assignee of Lender against Borrower hereunder or be deemed to cure any default of Borrower hereunder. All such sums and amounts so expended by Lender shall be repayable by the Borrower immediately without notice or demand, shall constitute additional Secured Obligations and shall bear interest from the date said amounts are expended at the Default Rate.

14. Personal Property; Liens; Warranty of Title. Lender and Borrower hereby agree that the Equipment is, and shall at all times remain, personal property notwithstanding the fact that any Item of Equipment may now be, or hereafter become, in any manner affixed or attached to real property or any improvements thereon. Borrower shall at all times keep the Equipment free and clear from all Liens, and the Borrower shall use its best efforts to obtain and deliver to Lender (to be recorded at the Borrower's expense) from each person having a Lien on any Equipment Location waivers of any Lien which such person might have or hereafter obtain or claim with respect to the Equipment. Borrower shall (i) give Lender immediate written notice of any Lien on the Collateral, (ii) promptly, at Borrower's sole cost and expense, take such action as may be necessary to discharge any such Lien, and (iii) indemnify and hold Lender, on an after-tax basis, harmless from and against any loss or damage caused by any such Lien. Borrower warrants that it has good, valid and marketable title to the Equipment, and that (i) the security interest in the Collateral granted to Lender hereunder, when properly perfected by filing, shall constitute a valid and perfected first priority security interest in the Collateral and, (ii) the Collateral is not subject to, and Borrower will not grant or permit to exist, any Liens or claims on or against the Collateral, whether senior, superior, junior, subordinate or equal to the security interest granted to Lender hereby, or otherwise.

15. Events of Default; Remedies.

(a) As used herein, the term "Event of Default" shall mean any of the following events: (1) Borrower fails to make any payment due under the Note within ten (10) days after the date due thereunder; (2) Borrower breaches any of its obligations under any of the Loan Documents and fails to cure the same within the grace period, if any, applicable thereto; (3) any of the liens created or granted hereby, or intended to be granted or created hereby, to Lender shall fail to be valid, first priority perfected liens subject to no prior or equal lien; or (4) an additional Lien attaches to the Equipment or the Equipment becomes subject to risk of seizure or forfeiture.

(b) (i) Upon the occurrence of an Event of Default, Lender, at its option, may declare any or all of the Secured Obligations, including, without limitation, the Note, to be immediately due and payable, without demand or notice to Borrower or any Guarantor. The obligations and liabilities accelerated thereby shall bear interest (both before and after any judgment) until paid in full at the Default Rate.

(ii) Furthermore, upon the occurrence of an Event of Default, Lender shall have, in addition to the rights and remedies provided herein, in the other Loan Documents or by law, the rights and remedies of a secured party under the Uniform Commercial Code under the laws of the State of Ohio (the "UCC") (regardless of whether the UCC is the law of the jurisdiction where the rights and remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further Lender may do any one or more of the following as Lender in its sole discretion may elect, with or without judicial process or the aid and assistance of others: (i) enter and remain on any premises on which any of the Equipment may be located and, without resistance or interference by the Borrower, without liability to Lender by reason of such entry or taking possession, take possession of the Equipment; (ii) prepare for sale and sell or otherwise dispose of any Equipment on any such premises; (iii) require the Borrower to assemble and make available to Lender at Borrower's expense any Equipment at any place and time reasonably designated by Lender; (iv) remove any Equipment from any such premises for the purpose of effecting sale or other disposition thereof; (v) without demand and without advertisement, notice, hearing or process of law, all of which the Borrower hereby waives, at any place and time or times, sell and deliver any or all Equipment held by or for it at public or private sale, by one or more contracts, in one or more parcels, for cash, upon credit or otherwise, at such prices and upon such terms as Lender deems advisable, in its reasonable discretion; or (vi) lease all or any portion of the Equipment on such terms and conditions as Lender in its reasonable discretion may determine. In addition to all other sums due Lender hereunder, the Borrower shall pay Lender all reasonable costs and expenses incurred by Lender, including reasonable attorneys' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of Secured Obligations, or in the prosecution or defense of any action or proceeding by or against Lender or the Borrower concerning any matter arising out of or connected with the Loan Documents, the Collateral or the Secured Obligations,

including without limitation any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code.

(iii) **BORROWER'S WAIVERS REGARDING DISPOSITION OF THE EQUIPMENT.**

IF AN EVENT OF DEFAULT OCCURS, BORROWER HEREBY WAIVES ANY RIGHT TO NOTICE OF SALE IN A COMMERCIALY REASONABLE MANNER AND FURTHER WAIVES ANY DEFENSES, RIGHTS, OFFSETS OR CLAIMS AGAINST LENDER BECAUSE OF THE MANNER OR METHOD OF SALE OR DISPOSITION OF ANY ITEMS OF EQUIPMENT. TO THE EXTENT THE RIGHTS OF NOTICE CANNOT BE LEGALLY WAIVED HEREUNDER, THE BORROWER AGREES THAT ANY REQUIREMENT OF REASONABLE NOTICE SHALL BE MET IF SUCH NOTICE IS PERSONALLY SERVED ON OR MAILED, POSTAGE PREPAID, TO THE BORROWER IN ACCORDANCE WITH THE NOTICE PROVISIONS HEREOF AT LEAST 10 DAYS BEFORE THE TIME OF SALE OR OTHER EVENT GIVING RISE TO THE REQUIREMENT OF SUCH NOTICE. LENDER SHALL NOT BE OBLIGATED TO MAKE ANY SALE OR OTHER DISPOSITION OF THE EQUIPMENT REGARDLESS OF NOTICE HAVING BEEN GIVEN. LENDER MAY BE THE PURCHASER AT ANY SUCH SALE. THE BORROWER HEREBY WAIVES ALL OF ITS RIGHTS OF REDEMPTION FROM ANY SUCH SALE. LENDER MAY POSTPONE OR CAUSE THE POSTPONEMENT OF THE SALE OF ALL OR ANY PORTION OF THE EQUIPMENT BY ANNOUNCEMENT AT THE TIME AND PLACE OF SUCH SALE, AND SUCH SALE MAY, WITHOUT FURTHER NOTICE, BE MADE AT THE TIME AND PLACE TO WHICH THE SALE WAS SCHEDULED. NONE OF LENDER'S RIGHTS OR REMEDIES HEREUNDER ARE INTENDED TO BE EXCLUSIVE OF, BUT EACH SHALL BE CUMULATIVE AND IN ADDITION TO, ANY OTHER RIGHT OR REMEDY REFERRED TO HEREUNDER OR OTHERWISE AVAILABLE TO LENDER OR ITS ASSIGNS AT LAW OR IN EQUITY, AND MAY BE PURSUED SINGLY, SUCCESSIVELY OR CONCURRENTLY AT THE SOLE DISCRETION OF LENDER AND MAY BE EXERCISED AS OFTEN AS OCCASION THEREFOR SHALL OCCUR. THE FAILURE TO EXERCISE, OR ANY DELAY IN THE EXERCISE OF, ANY RIGHT OR REMEDY SHALL IN NO EVENT BE CONSTRUED AS A WAIVER, RELEASE OR EXHAUSTION OF ANY SUCH REMEDIES. NO EXPRESS OR IMPLIED WAIVER BY LENDER OF ANY EVENT OF DEFAULT SHALL CONSTITUTE A WAIVER OF ANY OTHER EVENT OF DEFAULT OR A WAIVER OF ANY OF LENDER'S RIGHTS UPON THE REOCCURRENCE OF ANY SUCH EVENT OF DEFAULT.

(c) The Borrower hereby authorizes Lender, upon the occurrence and during the continuation of any Event of Default hereunder, at Lender's option to adjust, compromise and settle any losses under any insurance afforded, and the Borrower does hereby irrevocably constitute Lender and each of its designees, as its attorneys-in-fact, with full power and authority, upon the occurrence and during the continuation of any Event of Default hereunder, to effect such adjustment, compromise and/or settlement and to endorse any drafts drawn by an insurer of the Equipment or any part thereof and to do every-thing necessary to carry out such purposes and to receive and receipt for any unearned premiums due under policies of such insurance; but unless Lender elects to adjust, compromise or settle losses as aforesaid, such insurance proceeds shall be subject to the lien and security interest of Lender hereunder.

(d) Upon the occurrence, and during the continuance, of an Event of Default hereunder, any payments in respect of the Secured Obligations and any proceeds of the Collateral, when received by Lender in cash or its equivalent, will be applied first to costs of collection and, thereafter, in reduction of the Secured Obligations in such order and manner as Lender may direct in its sole discretion, and the Borrower irrevocably waives the right to direct the application of such payments and proceeds and acknowledges and agrees that Lender shall have the continuing and exclusive right to apply any and all such payments and proceeds in Lender's reasonable discretion, notwithstanding any entry to the contrary upon any of its books and records. The Borrower shall remain liable to Lender for any deficiency. Any surplus remaining after the full payment and satisfaction of the Secured Obligations shall be returned to the Borrower or to whomsoever a court of competent jurisdiction shall determine to be entitled thereto.

(e) To the extent that any of the Secured Obligations are now or hereafter secured by property other than the Collateral, or by a guarantee, endorsement or property of any other person, then Lender also shall have the right to proceed against such other property, guarantee or endorsement upon the occurrence of a default hereunder, and Lender shall have the right, in its sole discretion, to determine which rights, liens, security interests or remedies Lender shall at any time pursue, relinquish, subordinate or modify, without in any way affecting the Secured Obligations or any of Lender's rights under this Agreement.

16. **Notices** All notices and other communications hereunder shall be in writing and shall be transmitted by hand, overnight courier or certified mail (return receipt requested), postage prepaid. Such notices and other communications shall be addressed to the respective party at the address set forth above or at such other address as any party may from time to time

designate by notice duly given in accordance with this Section. Such notices and other communications shall be effective upon receipt.

17. General Indemnification. Borrower shall pay, and shall indemnify and hold Lender harmless on an after-tax basis from and against, any and all liabilities, causes of action, claims, suits, penalties, damages, losses, reasonable costs or expenses (including reasonable attorneys' fees), obligations, liabilities, demands and judgments, and Liens, of any nature whatsoever (collectively, a "Liability") arising out of or in any way related to: (a) the Loan Documents or any other written agreement entered into in connection with the transactions contemplated hereby and thereby or any amendment, waiver or modification of any of the foregoing or the enforcement of any of the terms hereof or thereof, (b) a failure to comply fully with any Environmental Law with respect to the Equipment or its operation or use, and (c) Borrower's failure to perform any covenant, or breach of any representation or warranty under the Loan Documents; provided, that the foregoing indemnity shall not extend to the Liabilities to the extent resulting solely from the gross negligence or willful misconduct of Lender. Borrower shall deliver promptly to Lender (i) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning the Equipment or its operation and (ii) copies of any documents submitted by Borrower or any of its subsidiaries to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning the Equipment or its operation.

18. Severability; Captions. Any provision of this Agreement or any of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability shall not invalidate or render unenforceable such provision in any other jurisdiction. Captions are intended for convenience or reference only, and shall not be construed to define, limit or describe the scope or intent of any provisions hereof.

19. No Affiliation with the Supplier. Borrower hereby represents and warrants to Lender that, except as previously disclosed in writing to Lender, neither Borrower nor any of its shareholders has, directly or indirectly, any financial interest in the Supplier.

20. UCC Filings. BORROWER HEREBY AUTHORIZES LENDER OR ITS ASSIGNEE TO AUTHENTICATE AND FILE ALL UCC FINANCING STATEMENTS AND AMENDMENTS THERETO WHICH IN LENDER'S SOLE DISCRETION ARE NECESSARY OR PROPER TO SECURE LENDER'S INTEREST IN THE EQUIPMENT IN ALL APPLICABLE JURISDICTIONS. The Borrower further covenants and agrees that it will not change its legal name, be a party to a merger, consolidation or other change in structure or use a trade name in its business except those used by subsidiaries and affiliates in the normal course of business without at least 30 days' prior written notice to Lender; and authorizes Lender to authenticate and file (to be recorded at Borrower's expense) all UCC statements as may be required by Lender in connection with such event.

21. Recordations and Filing. The Borrower will cause this Security Agreement and any supplements hereto at all times to be executed, recorded and filed, at no expense to the Lender, with the United States Surface Transportation Board and all financing and continuation statements to be filed with the Secretary of State of Pennsylvania, and cause such documents and all similar notices required by applicable law to be filed in such other jurisdictions and with such other Federal, state, provincial or local government or agency thereof where the Lender deems it reasonably necessary or desirable to perfect, protect, or preserve its lien on the Collateral, in order to fully preserve and protect the rights of the Lender hereunder; and at its own expense, furnish to the Lender promptly after the execution and delivery of any supplement to this Security Agreement, opinions of Alvord & Alvord, special Surface Transportation Board counsel to the Lender, or such other counsel as the Lender may reasonably request, which opinions shall be in form and substance reasonably satisfactory to the Lender.

22. Miscellaneous Time is of the essence with respect to this Agreement. Any failure of Lender to require strict performance by Borrower or any waiver by Lender of any provision herein shall not be construed as a consent or waiver of any provision of this Agreement. None of the Loan Documents may be amended except by a writing signed by Lender and Borrower. This Agreement will be binding upon Lender only if executed by a duly authorized officer or representative of Lender. This Agreement, and all other Loan Documents shall be executed on Borrower's behalf by Authorized Signers of Borrower. The Borrower hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any Secured Obligations, and all other notices and demands whatsoever (except as expressly provided herein). THE LOAN DOCUMENTS ARE BEING DELIVERED IN THE STATE OF OHIO AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF OHIO (WITHOUT

REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

23. Jury Trial Waiver. LENDER AND BORROWER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LENDER OR BORROWER MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THE LOAN DOCUMENTS OR SECURED OBLIGATIONS. THIS WAIVER IS MADE KNOWINGLY, WILLINGLY AND VOLUNTARILY BY LENDER AND THE BORROWER WHO EACH ACKNOWLEDGE THAT NO REPRESENTATIONS HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT.

24. Entire Agreement. This Agreement, together with the other Loan Documents, collectively constitute the entire understanding or agreement between Lender and Borrower with respect to the financing of the Equipment, and there is no understanding or agreement, oral or written, which is not set forth herein or therein.

25. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, Mortgagor and Mortgagee have caused this Chattel Mortgage/Security Agreement to be executed by their duly Authorized Signer effective as of the date first set forth above.

Mortgagee/Lender:

Fifth Third Bank

Mortgagor/Borrower:

Haines and Kibblehouse, Inc.

By: [Signature]
Name: Robert Krafing, VP
Title: _____

By: _____
Name: _____
Title: _____

COMMONWEALTH OF PENNSYLVANIA)
) ss.
COUNTY OF MONTGOMERY)

On this ____ day of April, 2006, before me personally appeared _____, to me personally known, who being by me duly sworn, says: that (s) he is a _____ of Haines and Kibblehouse, Inc., that the said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation

NOTARY PUBLIC

My Commission Expires:

STATE OF OHIO)
) ss.
COUNTY OF HAMILTON)

On this 14 day of April, 2006, before me personally appeared Robert Krafing, to me personally known, who being by me duly sworn, says; that (s)he is a VP of Fifth Third Bank, that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and that (s)he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
NOTARY PUBLIC

My Commission Expires:

KAREN WAYMEYER
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES 11-25-07



SEA 161268Rv1 58820-68

IN WITNESS WHEREOF, Mortgagor and Mortgagee have caused this Chattel Mortgage/Security Agreement to be executed by their duly Authorized Signer effective as of the date first set forth above.

Mortgagee/Lender:

Fifth Third Bank

Mortgagor/Borrower:

Haines and Kibblehouse, Inc.

By: _____

Name: _____

Title: _____

By: Stephen M. Nelson

Name Stephen M. Nelson

Title: Vice President/Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA)

) ss.

COUNTY OF MONTGOMERY)

On this 18th day of April, 2006, before me personally appeared Stephen M. Nelson to me personally known, who being by me duly sworn, says: that (s) he is a Vice President of Haines and Kibblehouse, Inc., that the said instrument was signed on behalf of said corporation, by authority of its Board of Directors, and (s)he acknowledges that the execution of the forgoing instrument was the free act and deed of said corporation.

Kathleen M. Hurst
NOTARY PUBLIC

My Commission Expires: January 11, 2010

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal

Kathleen M. Hurst, Notary Public
Pottstown Boro, Montgomery County
My Commission Expires Jan. 11, 2010

Member, Pennsylvania Association of Notaries

STATE OF OHIO)

) ss.

COUNTY OF HAMILTON)

On this ____ day of April, 2006, before me personally appeared _____, to me personally know, who being by me duly sworn, says; that (s)he is a _____ of Fifth Third Bank, that the said instrument was signed on behalf of said corporation by authority of its Board of Directors, and that (s)he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

NOTARY PUBLIC

My Commission Expires:

**COLLATERAL SCHEDULE
DESCRIPTION OF EQUIPMENT**

SUPPLIER:

Rail Trust Equipment, Inc.

EQUIPMENT LOCATION:

The Equipment described on this Schedule is mobile and shall be operated in the areas served by the operating railroad(s) identified below and based, except as otherwise provided in the Agreement, at the location shown below. Borrower shall promptly give written notice to Lender of any change in the operating railroad or base location of any Item of Equipment. Upon Lender's reasonable request, Borrower shall provide information on the current location and itinerary of any Item of Equipment.

OPERATING RAILROAD:

Norfolk Southern Railroad

YARD LOCATION:

Birdsboro Materials
Haycreek Road
Birdsboro Borough
Derks County, PA

Car Mark	Month-Year Built	GRL	Load Limit	Cubic Capacity
TUGX 36001	03/76	263K	201800	2300
TUGX 36005	03/76	263K	201500	2300
TUGX 36006	03/76	263K	201200	2300
TUGX 36007	03/76	263K	201700	2300
TUGX 36008	03/76	263K	201900	2300
TUGX 36010	03/76	263K	202000	2300
TUGX 36013	03/76	263K	201400	2300
TUGX 36018	03/76	263K	201900	2300
TUGX 36021	03/76	263K	201700	2300
TUGX 36033	04/76	263K	201300	2300
TUGX 36044	04/76	263K	201400	2300
TUGX 36046	04/76	263K	201000	2300
TUGX 36049	04/76	263K	201400	2300
TUGX 36054	05/79	263K	201900	2300
TUGX 36056	05/79	263K	198700	2300
TUGX 36060	04/78	263K	199200	2300
TUGX 36070	11/79	286k	221000	2140
HKGX 153600	1973	315		4880
HKGX 153601	1973	315		4880
HKGX 153602	1973	315		4880
HKGX 153603	1973	315		4880
HKGX 153604	1973	315		4880
HKGX 153605	1973	315		4880
HKGX 153606	1973	315		4880

Car Mark		Month-Year Built	GRL	Load Limit	Cubic Capacity
HKGX	153607	1973	315		4880
HKGX	153608	1973	315		4880
HKGX	153609	1973	315		4880
HKGX	153610	1973	315		4880
HKGX	153611	1973	315		4880
HKGX	153612	1973	315		4880
HKGX	153613	1973	315		4880
HKGX	153614	1973	315		4880
HKGX	153615	1973	315		4880
HKGX	153616	1973	315		4880
HKGX	153617	1973	315		4880
HKGX	153618	1973	315		4880
HKGX	153619	1973	315		4880
HKGX	153620	1973	315		4880
HKGX	153621	1973	315		4880
HKGX	153622	1973	315		4880
HKGX	153623	1973	315		4880
HKGX	153624	1973	315		4880
HKGX	153625	1973	315		4880
HKGX	153626	1973	315		4880
HKGX	153627	1973	315		4880
HKGX	153628	1973	315		4880
HKGX	153629	1973	315		4880
HKGX	153630	1973	315		4880
HKGX	153631	1973	315		4880
HKGX	153632	1973	315		4880
HKGX	153633	1973	315		4880
HKGX	153634	1973	315		4880
HKGX	153635	1973	315		4880
HKGX	153636	1973	315		4880
HKGX	153637	1973	315		4880
HKGX	153638	1973	315		4880
HKGX	153639	1973	315		4880
HKGX	153640	1973	315		4880
HKGX	153641	1973	315		4880
HKGX	153642	1973	315		4880
HKGX	153643	1973	315		4880
HKGX	153644	1973	315		4880
HKGX	153645	1973	315		4880
HKGX	153646	1973	315		4880
HKGX	153647	1973	315		4880

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

4/20/06



Robert W. Alvord